



COUNTY OF SAN LUIS OBISPO

AUDITOR • CONTROLLER • TREASURER • TAX
COLLECTOR • PUBLIC ADMINISTRATOR

Probation Department Cash Procedures & Internal Control Review

September 2014

**JAMES P. ERB, CPA
Auditor-Controller
Treasurer-Tax Collector-Public Administrator**



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TO: JIM SALIO, CHIEF PROBATION OFFICER

FROM: JAMES P. ERB, CPA, AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR *J.E.*

DATE: SEPTEMBER 30, 2014

SUBJECT: CASH PROCEDURES AND INTERNAL CONTROL REVIEW OF PROBATION
CONDUCTED ON JULY 9, 2014

Our office recently completed a cash procedures and internal control review of Probation that took place on July 9, 2014.

Purpose

The purpose of our review was to determine compliance with the County Auditor-Controller's Cash Handling Policy, to establish accountability for the cash on hand at the time of the review, and to determine compliance with the County Information Technology (IT) Acceptable Use Policy Acknowledgement signature requirements.

Scope

The scope of our review included cash and receipts on hand on July 9, 2014 as well as deposits for the prior three months. Additionally, we reviewed the department's depository accounts and Cal-Card activity. County IT Acceptable Use Policy Acknowledgements signed in the past calendar year were also sampled and examined.

Methodology

We conducted our review in conformance with the *International Standards for the Professional Practice of Internal Auditing*. The International Standards for the Professional Practice of Internal Auditing require that the internal audit activity be independent and internal auditors be objective in performing their work. The Standards also require that internal auditors perform their engagements with proficiency and due professional care; that the internal audit function be subject to a program of quality assurance; and that the results of engagements are communicated.

Our review included physically counting all cash on hand for July 9, 2014 and reconciling the amount to the department's accountability figures. We examined cash receipts and compared the amounts to the corresponding receipts total and to the subsequent deposit. Our review also included an evaluation of internal controls over cash receipts and Cal-Card activity. Our

evaluation of internal controls was limited to inquiries of departmental staff and direct observations.

Additionally we tested for compliance with the County of San Luis Obispo Information Security Program's requirement that employees annually sign the Acceptable Use Policy Acknowledgement form.

Results

We determined all cash funds and cash receipts on hand, in all material respects, to be in balance at the time of our count, and employees signed the IT Acceptable Use Policy Acknowledgement form in a timely manner.

During fieldwork we identified an area where improvements could be made, and we immediately provided the Department with suggestions for making the improvement. Suggestions for improvement are made for issues that the auditor considers not to be of an immediate serious nature and/or for issues which the department is able to correct at the time of the audit. Unlike formal audit findings, written departmental responses are not required for these issues. Our suggestion is detailed in the Suggested Improvement section below:

Suggested Improvement

1. We found the petty cash log to be inadequate to account for the purpose and use of petty cash. The petty cash log should provide the nature of the purchase, the amount, and the name of the recipient. We provided a petty cash log template to the department that will improve the existing method of accounting for petty cash transactions, and staff have begun using the new log.

We appreciate the courteous attitude of your staff and the cooperation we received during the course of our review.